Q3 Implantica

Interim Report January-September 2023

Financial summary

Figures within parentheses refer to the preceding year.

Third quarter

- Net sales increased 25% to TEUR 244 (195).
- Adjusted gross margin amounted to 94% (94%).
- Operating loss (EBIT) increased to TEUR 5,752 (4,581).
- Loss after tax amounted to TEUR 5,699 (5,868).
- Basic and diluted loss per Class A share amounted to EUR 0.08 (0.08).
- Cash and short-term investments as at the end of the period amounted to MEUR 93.8.

First nine months

- Net sales increased 50% to TEUR 900 (600).
- Adjusted gross margin amounted to 94% (96%).
- Operating loss (EBIT) increased to TEUR 14,898 (13,339).
- Loss after tax amounted to TEUR 15,768 (16,614).
- Basic and diluted loss per Class A share amounted to EUR 0.22 (0.23).

Significant events

In the third quarter of 2023

- A big milestone was achieved in the U.K. with our first NHS RefluxStop™ implants performed at St. Mary's Hospital, London, part of the Imperial Healthcare NHS Trust, recognized as one of the most rigorous single payer healthcare systems in the world.
- The Interventional Procedures Advisory Committee (IPAC) has now started its review of the safety and efficacy of RefluxStop™. IPAC is part of the U.K.'s National Institute for Health and Care Excellence (NICE), which advises the U.K.'s healthcare body NHS on new health technologies. The IPAC review process is a key step for NHS hospitals to adopt our technology with strong international influence.
- A major peer-reviewed article, "Laparoscopic Large Hiatal Hernia Repair with RefluxStop: Outcomes of 6 Months Follow-up in 30 Patients" was accepted in the reputed journal, Journal Surgical Laparoscopy Endoscopy & Percutaneous Techniques (SLEPT), emphasizing the benefit of RefluxStop™ in large hernia patients, a market representing a large unmet need.
- RefluxStop™ made a substantial impact at this year's American Foregut Society (AFS) congress in Dallas, Texas, supporting our U.S. pre-launch market development. One highlight included a surgical panel discussion on RefluxStop™ attended by more than 100 congress participants.

After the end of the period

- The pre-launch of RefluxStop™ in the U.S. is starting with training in Europe by our KOLs for surgeons from more than 10 key U.S. centers. The surgeons will take part in a Cadaver training and Usability study in the U.S. during targeted February 2024, the data of which will be used in our PMA (pre-market approval) application, as requested by FDA (Food & Drug Administration) in the U.S.
- The 2nd Annual RefluxStop™ Users Meeting was conducted with more than 50 participants including current and potential RefluxStop™ surgeons and gastrointestinal doctors from the U.S., Canada, UK and across Europe. Top surgeons from around the world gathered for dialogue and learning on the RefluxStop™ procedure.
- RefluxStop™ has been successfully operated in 600 patients in Europe.
- RefluxStop™ superior cost-effectiveness research has received top recognition at ISPOR, the world's leading European health-economics conference. Economic analyses for four additional countries have found RefluxStop™ to be more cost-effective than the competition, fundoplication, magnetic sphincter augmentation and PPI-based medical therapy.
- The Annual European Foregut Society (EFS) congress included the symposium, "Reconstruction of the Anti-Reflux Barrier (ARB) with RefluxStop™- an innovative approach." This very successful symposium made a large impact and was moderated by Univ.-Prof. Dr. Schoppmann from AKH Vienna, who was joined by seven other leading GERD surgeons and gastro-intestinal experts from Germany, the U.K., Switzerland, the U.S. and Italy.

RefluxStop™ - Beginning of a New Era of Acid Reflux Treatment

It's not often a company has the chance to impact the lives of almost a billion people globally, but Implantica has that opportunity as it fights acid reflux. For about 40% of those suffering or 400 million people, drug therapy does not help, an outstanding market for RefluxStop™, which also grows about 5% annually. We are pleased to have already helped 600 patients in Europe through our efforts with the region's top medical centers and physicians. This is just the beginning.


CEO Peter Forsell

Implantica's focus is to create substantial revenue as quickly as possible by achieving adequate reimbursement, where each country and/or insurance company pays or reimburses the healthcare provider for each RefluxStop™ operation. In Spain, UK and Italy we are close to or have partly secured participation in the Public Health System. We have been successful in this work. Implantica has also been very successful in convincing the surgical society that RefuxStop™ is the future of surgical treatment of acid reflux.

Currently Implantica focuses on:

Reimbursement focusing on Italy, Spain and UK

- Continue the very successful work building a KOL (Key Opinion Leader) Network of High Excellence reflux centers
- Health Economic Analyses to show that RefluxStop™ is the most cost-effective treatment available
- Support KOLs Clinical Evidence generation
- Perform Registry and Randomized studies
- Target to Change Guidelines for anti-reflux surgery to recommend RefluxStop™ as its standard

FDA PMA submission for US approval targeted near-term

- Prelaunch marketing/preparation in US including bringing over and training US surgeons in Europe
- Cadaver study by US surgeons as part of the Pre-launch and Usability study as required by FDA

Successful American Foregut Society congress supporting US pre-launch market development

One key scientific congress attended out of the 25 so far this year was the annual American Foregut Society (AFS) meeting in Dallas, Texas, where RefluxStop™ made a substantial impact. We met with the board members of the AFS to introduce the product and also discussed the path forward in the US market pending FDA approval. RefluxStop™ was also the topic of a lunch session attended by more than 100 people. Overall, the AFS meeting was extremely successful and has led to many opportunities for collaboration with world-leading clinical GERD centers of excellence experts and helps advance our US- focused market access.

Kick-start of the US market development activities as a top priority

Implantica is starting to pre-launch RefluxStop™ in the U.S. market by training 18 surgeons from the U.S. These surgeons will be able to visit our KOLs in Europe. Given the tremendous success of this procedure in around 600 patients across European countries, we have been able to create a large interest from U.S. surgeons for our RefluxStop™ procedure, while using this enthusiasm to train our potential U.S. surgeons ahead of launch and pending FDA approval. Implantica will use the data from the Cadaver study in our FDA PMA application, as requested by FDA.

After an FDA approval, Implantica will be able to launch and start selling in the U.S. right away. As for all new products in U.S., data will be collected after launch in a post market study.

Successful European Foregut Society congress to help advance market access development

In November, we also attended the annual European Foregut Society (EFS) congress hosted by the current president Prof. Luigi Bonavina in Milan, Italy, where we were prominently featured in a RefluxStop™ roundtable discussion. RefluxStop™ was the center of attention during this meeting also supported by our connected User Meeting.

2nd Annual RefluxStop™ Users Meeting - A big step forward

In connection with the EFS meeting, we conducted our second global user meeting for RefluxStop™ with more than 50 attendees including current and potential RefluxStop™ surgeons gastrointestinal doctors and other relevant experts from the US, Canada, UK, and across Europe.

Current, past, and upcoming Presidents of AFS and EFS

were in attendance including several board members. Significant highlights of the day included presentations and updates on the excellent results of the RefluxStop™ procedure.

Based on this meeting's outcome, it is clear that RefluxStop™ offers a unique and powerful surgical option to treat patients with severe gastroesophageal reflux disease, addressing a huge unmet need. We have been able to convert the key surgeons in the surgical society to join us in the belief that RefluxStop™ will become the new standard of care in acid reflux surgical treatment.

Interest in the post-market RefluxStop™ registry study (ReStoRe) is huge in Europe

An important tool to gain reimbursement across EU markets is our unique pan-European registry study ReStoRe. In Switzerland, recruitment continues at Inselspital Bern and Hirslanden Klinik Bern, while in Germany, the registry gained EC approval and an agreement was signed at Klinikum Friedrichshafen, as in Norway with Akershus Universitetssykehus, Oslo. In Italy, IRCCS Saverio De Bellis (Bari) signed up to the registry with its first patient recruited. The first two patients were also enrolled into the registry at Ospedale Buon Consiglio, Napoli. It's exciting to see the registry study continuing to gain such traction with many new centers lined up.

Key milestone achieved in the U.K.

We achieved a huge milestone in the U.K. with our first NHS RefluxStop™ implants completed at St Mary's Hospital, London, part of the Imperial Healthcare NHS Trust, which is recognized as one of the most rigorous single payer healthcare systems in the world. These first NHS implants facilitate the opening of additional NHS hospitals with at least an additional 10 sites having already started the approval process. We expect 1-2 to be approved within the next few months with several others following in 2024.

The Interventional Procedures Advisory Committee (IPAC), part of the U.K.'s National Institute for Health and Care Excellence (NICE), which gives guidance and recommendations to the NHS system on new health technologies, has now started its review of the safety and efficacy of RefluxStop™. The IPAC review is a long-term process, however, a crucial step in enabling the broader adoption of RefluxStop™ in the NHS with strong international influence.

We also launched our first pilot patient awareness campaign in the U.K. with great coverage across broader media channels, such as BBC Radio Merseyside, Daily Mail, BBC Radio Leicester, and Acid-Reflux Awareness Campaign in Men's Health, among other activities.

Growing clinical and economic data validating RefluxStop's excellent outcomes

During the third quarter, we made significant progress with another major peer-reviewed article "Laparoscopic Large Hiatal Hernia Repair with RefluxStop: Outcomes of 6 Months Follow-up in 30 Patients" accepted in the reputed journal, Journal Surgical Laparoscopy Endoscopy & Percutaneous Techniques (SLEPT) further establishing the unique benefits of RefluxStop™ therapy in hernia patients with large unmet need.

Additionally, six podium presentations and three scientific posters on RefluxStop™ patient outcomes were presented at leading medical and scientific conferences around the world. This included Swedish surgical week in Orebro, the International Society of Disease of Esophagus conference in Toronto, DGVS conference in Hamburg, and UEG conference in Copenhagen.

Superior cost-effectiveness research received top recognition at ISPOR, the world's leading European health-economics conference

We have now also completed economic analyses for four new countries – cost-effectiveness analysis for Sweden, Norway and Switzerland and budget impact analysis for Italy. In these analyses, RefluxStop™ was found to be cost-effective against fundoplication, MSA, and PPI-based medical therapy.

In particular, the cost-effectiveness analysis on RefluxStop™ in Sweden was recognized among the "Top 5% Posters" category for its high scientific quality at the ISPOR Europe conference 2023 (International Society for Pharmacoeconomics and Outcomes Research). ISPOR is globally recognized as the leading scientific and educational organization for health economics research and for its use in the healthcare reimbursement and policy development process.

To present such impactful economic data and be selected in the "Top 5% poster category" at ISPOR builds a strong platform for RefluxStop™ to transform care management of GERD and patient outcomes across the globe, and the presented economic impact data this year at ISPOR will play an important role when targeting to conquer the world of acid reflux treatment.

Although establishing reimbursement across the EU and approval in the US takes time, with a clear plan, financial strength, and an experienced team we are proud to report outstanding progress over the third quarter with significant milestones in focus for the rest of the year and onwards.

As we see it, a new era of anti-reflux surgery has begun with RefluxStop's arrival with the potential to reform and elevate the care standards for severe acid-reflux in years to come.

Many thanks to our shareholders, customers, and partners for following Implantica.

Yours sincerely,

Dr. med. Peter Forsell
CEO and Founder, Implantica
Surgeon and Inventor

IMPLANTICA IN BRIEF

Implantica is a MedTech group committed to providing effective care for serious health conditions and improving patient quality of life by bringing advanced technology into the body. Simultaneously, Implantica aims to reduce overall costs and improve efficiency in the healthcare system.
The therapies Implantica develops are based on implants, which are inserted into the patient's body to replace bodily functions and/or treat diseases. Implantica has developed two platform technologies to be able to bring smart medical implants into the body.
Bringing advanced technology into the body requires enough power to activate a device inside the body long-term, which is the reason why a wireless energising platform has been developed. In addition, the Company has developed an eHealth platform for communicating with and reprogramming implants.
These platform technologies are covered by a multitude of patents and patent applications.
Implantica has developed a broad, patent protected, product pipeline, two-thirds of which is based on their two platform technologies.
Implantica's most progressed product, RefluxStop™, represents a potential paradigm shift in the treatment of GERD. Acid reflux has a significant impact on patient quality of life and can induce serious complications, including increased risk for oesophageal cancer.

GERD patients rely today, to a large extent, on PPIs – a drug therapy which calms symptoms of GERD. Ultimately, with PPI treatment reflux is not prevented and the risk for oesophageal cancer remains according to a report from Karolinska Institute. Alternative surgical procedures available today are plagued with complications, including compression of the food passageway and swallowing difficulties.

Top ten shareholders as of 30 September 2023

Name	Capital (%)
Peter Forsell	47.4%
Handelsbanken Fonder	9.3%
EFG Bank	7.2%
TIN Fonder	3.5%
SIX SIS AG	2.8%
Swedbank Robur	2.4%
Avanza Pension	1.9%
SEB Life	1.6%
UBS	1.5%
Skandia	1.3%

Source: Euroclear Sweden

Financial performance in brief

Figures in parentheses within the following section refer to the corresponding period in the preceding year.

Net sales

During the third quarter, net sales amounted to EUR 244 thousand (195), corresponding to an increase of EUR 49 thousand or 25%. Implantica is currently exclusively marketing its lead product, RefluxStop™, to selected Key Opinion Leaders in Europe.

For the first nine months, sales amounted to EUR 900 thousand (600), corresponding to an increase of EUR 300 thousand or 50%.

Cost of sales and gross margin

Cost of sales during the third quarter amounted to EUR 321 (318) thousand. Cost of sales considers two categories of costs. Firstly, indirect costs of straight-line amortisation of capitalised development costs relating to RefluxStop™. Secondly, Other cost of sales, which relates to direct costs for purchasing goods and services from the Group's outsourcing partners.

In the third quarter, adjusted gross margin[1], i.e., gross margin excluding amortization, amounted to 94% (94%).

The cost of sales over the first nine months of the year, amounted to EUR 972 thousand (947). The adjusted gross margin[1], amounted to 94% (96%).

Operating expenses and EBIT

In the third quarter operating loss (EBIT) amounted to EUR 5,752 thousand (4,581), an increase of EUR 1,171 thousand or 26%. Research and development costs made up EUR 2,144 thousand (1,980), corresponding to an increase of EUR 164 thousand or 8%. Research and development activities mainly relate to pipeline products and the eHealth platform.

[1] Adjusted gross profit as a percentage of Net sales. Where Adjusted gross profit is defined as Net sales minus cost of sales, plus amortization of development costs.

General and administrative costs increasing to EUR 3,564 thousand (2,478), an increase of EUR 1,086 thousand or 44%. The increase was primarily driven by market access activities and the build-up of regulatory and quality capabilities.

For the first nine months of the year, the operating loss (EBIT) amounted to EUR 14,898 thousand (13,339). Where Research and development cost made up EUR 5,139 thousand (4,692), corresponding to an increase of EUR 447 thousand or 10% compared to the first nine month of 2022. General and administrative costs increased to EUR 9,720 thousand (8,300), an increase of EUR 1,420 thousand or 17%.

Financial income and expenses

Financial income amounted to EUR 611 thousand (245) during the third quarter. Financial expenses amounted to EUR 548 thousand (1,550) over the quarter driven by foreign exchange losses.

For the first nine months of the year, Financial income amounted to EUR 1,269 thousand (671) and Financial expenses totalled EUR 2,118 thousand (3,948). The lion's share of the foreign exchange losses driving the elevated Financial expenses, relate to a weakening of the Swedish krona. The company holds Swedish krona, as it expects to continue to source from Swedish suppliers, which invoice in Swedish krona.

Income taxes

The Group reported a tax expense of EUR 10 thousand (-18) in the third quarter. The tax expense for the quarter is mainly explained by changes in deferred tax assets. For the first nine months of the year, the Group reported a tax expense of EUR 21 thousand (-2).

Net earnings

The Group reported a net loss of EUR 5,699 thousand (5,868) for the third quarter, a decrease of EUR 169 thousand driven by a positive financial net.

For the first nine months of the year, the net loss amounted to EUR 15,768 thousand (16,614), a decrease of EUR 846 thousand.

Equity and liabilities

As of 30 September 2023, the Group's equity amounted to EUR 130.3 million (151.2) and the equity ratio was 96.2%, compared to 96.5% at 30 September 2022.

As of 30 September 2023, the Group did not have any interest-bearing debt.

Cash flow and liquidity

During the third quarter net cash outflow from operating activities amounted to EUR 4,663 thousand (3,779).

Net cash outflow from operating activities over the first nine months of the year 2023 amounted to EUR 12,649 thousand (11,931).

As of 30 September 2023, Implantica held cash and cash equivalents of EUR 93.8 million.

Auditor's review

This report has been reviewed by the company's auditors.

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Independent Auditor's Report on the Review of Consolidated Interim Financial Information

to the Board of Directors of Implantica AG, Vaduz

Introduction

We have been engaged to review the accompanying condensed consolidated statement of financial position of Implantica AG as at 30 September 2023 and the related condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the nine-month period then ended, and selected explanatory notes (the consolidated interim financial information) on pages 8 to 14. The Board of Directors is responsible for the preparation and presentation of this consolidated interim financial information in accordance with International Accounting Standard 34 Interim Financial Reporting. Our responsibility is to express a conclusion on this consolidated interim financial information based on our review.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated interim financial information as at 30 September 2023 is not prepared, in all material respects, in accordance with International Accounting Standard 34 *Interim Financial Reporting*.

KPMG (Liechtenstein) AG

Lars Klossack
Chartered Accountant

Bruno Casutt
Chartered Accountant

Vaduz, 21 November 2023

Consolidated interim financial statements

Condensed consolidated statement of profit or loss

	Jul to Sep		Jan to Sep		Jan to Dec
in thousands of EUR	2023	2022	2023	2022	2022
Net Sales	244	195	900	600	842
Cost of sales					
Amortisation of capitalized development costs	(306)	(306)	(920)	(920)	(1,227)
Other cost of sales	(15)	(12)	(52)	(27)	(36)
Total cost of sales	(321)	(318)	(972)	(947)	(1,263)
Gross loss	(77)	(123)	(72)	(347)	(421)
Other income	33	-	33	-	-
Research and development costs (Note 4)	(2,144)	(1,980)	(5,139)	(4,692)	(5,805)
General and administrative costs	(3,564)	(2,478)	(9,720)	(8,300)	(12,221)
Operating loss	(5,752)	(4,581)	(14,898)	(13,339)	(18,447)
Financial income	611	245	1,269	671	1,595
Financial expenses	(548)	(1,550)	(2,118)	(3,948)	(4,548)
Loss before income taxes	(5,689)	(5,886)	(15,747)	(16,616)	(21,400)
Income taxes	(10)	18	(21)	2	39
Loss for the period	(5,699)	(5,868)	(15,768)	(16,614)	(21,361)
Attributable to					
Owners of Implantica AG	(5,442)	(5,660)	(15,167)	(16,198)	(20,824)
Non-controlling interests	(257)	(208)	(601)	(416)	(537)
Loss for the period	(5,699)	(5,868)	(15,768)	(16,614)	(21,361)
Earnings per share (Note 5)					
Basic and diluted loss per share Class A (in EUR)	(0.08)	(0.08)	(0.22)	(0.23)	(0.30)
Basic and diluted loss per share Class B (in EUR)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)

Condensed consolidated statement of profit or loss and other comprehensive income

	Jul to Sep		Jan to Sep		Jan to Dec
in thousands of EUR	2023	2022	2023	2022	2022
Loss for the period	(5,699)	(5,868)	(15,768)	(16,614)	(21,361)
Other comprehensive income					
Remeasurement of net defined benefit liability	(44)	(108)	(70)	(129)	71
Related income taxes	5	13	8	16	(9)
Total items that will not be reclassified to profit or loss	*(39)*	*(95)*	*(62)*	*(113)*	*62*
Translation differences (Note 6)	1,239	4,245	1,824	7,941	4,895
Total items that may be reclassified subsequently to profit or loss	*1,239*	*4,245*	*1,824*	*7,941*	*4,895*
Other comprehensive income for the period, net of tax	1,200	4,150	1,762	7,828	4,957
Total comprehensive income for the period	(4,499)	(1,718)	(14,006)	(8,786)	(16,404)
Attributable to					
Owners of Implantica AG	(4,243)	(1,510)	(13,406)	(8,370)	(15,868)
Non-controlling interests	(256)	(208)	(600)	(416)	(536)
Total comprehensive income for the period	(4,499)	(1,718)	(14,006)	(8,786)	(16,404)

Condensed consolidated statement of financial position

	30 Sep		31 Dec
in thousands of EUR	2023	2022	2022
ASSETS			
Current assets			
Cash and cash equivalents	93,819	66,078	108,951
Accounts receivable	165	158	88
Other current receivables	914	644	866
Inventories	253	152	166
Current financial assets	-	52,301	-
Total current assets	95,151	119,333	110,071
Non-current assets			
Property, plant and equipment	267	236	242
Right-of-use assets	915	1,248	1,129
Intangible assets (Note 4)	38,110	34,883	35,977
Deferred tax assets	987	980	988
Total non-current assets	40,279	37,347	38,336
Total assets	135,430	156,680	148,407
LIABILITIES AND EQUITY			
Current liabilities			
Financial liabilities	309	342	328
Financial liabilities due to ultimate main shareholder	30	127	41
Other current liabilities	3,722	3,717	2,867
Total current liabilities	4,061	4,186	3,236
Non-current liabilities			
Financial liabilities	628	918	817
Pension liability	418	383	267
Total non-current liabilities	1,046	1,301	1,084
Total liabilities	5,107	5,487	4,320
Equity			
Share capital (Note 6)	129,137	129,137	129,137
Capital reserves	370,548	370,548	370,548
Treasury share reserve (Note 6)	(59)	-	-
Translation differences (Note 6)	11,877	13,101	10,054
Retained earnings	(379,113)	(360,246)	(364,185)
Total equity attributable to owners of Implantica AG	132,390	152,540	145,554
Non-controlling interests	(2,067)	(1,347)	(1,467)
Total equity	130,323	151,193	144,087
Total liabilities and equity	135,430	156,680	148,407

Condensed consolidated statement of cash flows

in thousands of EUR	Jul to Sep 2023	Jul to Sep 2022	Jan to Sep 2023	Jan to Sep 2022	Jan to Dec 2022
Loss for the period	(5,699)	(5,868)	(15,768)	(16,614)	(21,361)
Adjustments for					
Depreciation, amortisation and impairment	407	432	1,211	1,283	1,689
Financial income	(611)	(245)	(1,269)	(671)	(1,595)
Financial expenses	548	1,550	2,118	3,948	4,548
Income taxes	10	(18)	21	(2)	(39)
Share-based compensation	101	128	301	291	803
Other financial result	(5)	(7)	(15)	(22)	(29)
Change in pension liabilities	26	(1)	75	(2)	97
Other non-cash items	(38)	(68)	(41)	(139)	(90)
Changes in net working capital					
Decrease / (increase) accounts receivable	46	(40)	(77)	(145)	(75)
Decrease / (increase) other current receivables	(187)	(45)	(48)	(168)	(390)
Decrease / (increase) inventories	6	(30)	(87)	(15)	(29)
(Decrease) / increase other current liabilities	733	433	930	325	513
Net cash outflow from operating activities	(4,663)	(3,779)	(12,649)	(11,931)	(15,958)
Cash flows from investing activities					
Purchase of property, plant and equipment	(30)	(3)	(70)	(34)	(61)
Investment in intangible assets (Note 4)	(935)	(2,288)	(3,135)	(6,802)	(9,243)
Divestments in fixed term deposits	-	-	-	-	50,352
Interest received	2	-	199	-	38
Net cash inflow/(outflow) from investing activities	(963)	(2,291)	(3,006)	(6,836)	41,086
Cash flows from financing activities					
Treasury shares acquired	-	-	(59)	-	-
Payment of lease liabilities	(78)	(114)	(227)	(326)	(413)
Interest paid	(6)	(59)	(21)	(315)	(300)
Repayment of financial liabilities	3	-	(11)	-	(224)
Net cash outflow from financing activities	(81)	(173)	(318)	(641)	(937)
Net increase/(decrease) in cash and cash equivalents	(5,707)	(6,243)	(15,973)	(19,408)	24,191
Effect of exchange rate fluctuations on cash held	1,344	990	841	1,153	427
Cash and cash equivalents at beginning of period	98,182	71,331	108,951	84,333	84,333
Cash and cash equivalents at end of period	93,819	66,078	93,819	66,078	108,951

Condensed consolidated statement of changes in equity

	Jan to Sep 2023							
in thousands of EUR	Share capital	Capital reserves	Treasury share reserve	Translation differences	Retained earnings	Total	Non-controlling interests	Total equity
Balance at 31 December 2022	129,137	370,548	-	10,054	(364,185)	145,554	(1,467)	144,087
Loss for the period attributable to owners of the Company	-	-	-	-	(15,167)	(15,167)	(601)	(15,768)
Other comprehensive income (net)	-	-	-	1,823	(62)	1,761	1	1,762
Total comprehensive income (net)	-	-	-	1,823	(15,229)	(13,406)	(600)	(14,006)
Treasury shares acquired	-	-	(59)	-	-	(59)	-	(59)
Share-based compensation	-	-	-	-	301	301	-	301
Total transactions with shareholders	-	-	(59)	-	301	242	-	242
Balance at 30 September 2023	129,137	370,548	(59)	11,877	(379,113)	132,390	(2,067)	130,323

	Jan to Sep 2022						
in thousands of EUR	Share capital	Capital reserves	Translation differences	Retained earnings	Total	Non-controlling interests	Total equity
Balance at 31 December 2021	129,137	370,548	5,160	(344,226)	160,619	(931)	159,688
Loss for the period attributable to owners of the Company	-	-	-	(16,198)	(16,198)	(416)	(16,614)
Other comprehensive income (net)	-	-	7,941	(113)	7,828	-	7,828
Total comprehensive income (net)	-	-	7,941	(16,311)	(8,370)	(416)	(8,786)
Share based compensation	-	-	-	291	291	-	291
Total transactions with shareholders	-	-	-	291	291	-	291
Balance at 30 September 2022	129,137	370,548	13,101	(360,246)	152,540	(1,347)	151,193

Notes

NOTE 1 General information

Implantica AG (the 'Company') is domiciled at Aeulestrasse 45, 9490 Vaduz, Liechtenstein. These condensed consolidated interim financial statements ('interim financial statements') as at and for the nine months ended 30 September 2023 comprise the Company and its subsidiaries (together referred to as the 'Group'). The Group is primarily involved in the research and distribution of medical implants. Implantica AG was admitted to trading on the Nasdaq First North Premier Growth Market in Stockholm in September 2020. Implantica AG is ultimately controlled by the Implantica Founder, Dr. Peter Forsell.

These interim financial statements were authorised for issue by the Company's Board of Directors on 21 November 2023. As of this date, no material events after the reporting date have occurred.

NOTE 2 Summary of significant accounting policies

Basis of preparation

These interim financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting and should be read in conjunction with the Group's consolidated financial statements as at and for the year ended 31 December 2022 ('last financial statements'). These interim financial statements do not include all of the information required for a complete set of financial statements prepared in accordance with IFRS. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since the last financial statements.

For the preparation of these financial statements the historical cost basis except for all those assets and liabilities measured at fair value has been applied. All amounts are presented in EUR, and are rounded to the nearest thousand of EUR with the consequence that the rounded amounts may not add to the rounded total in all cases. All ratios and variances are calculated using the underlying amounts rather than the rounded amounts.

Critical accounting estimates and judgements

In preparing these interim financial statements, management has made judgements and estimates that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those described in the last annual financial statements.

NOTE 3 General accounting policies

The accounting policies applied in these interim financial statements are the same as those applied in the Group's consolidated financial statements as at and for the year ended 31 December 2022.

There were no new standards or amendments to existing standards that have a material effect on the Group's interim financial statements.

NOTE 4 Intangible assets

	Jan to Sep	
in thousands of EUR	2023	2022
Net carrying amount at 1 January	35,977	28,467
Additions Jan to Jun	2,342	7,345
Additions Jul to Sep	718	1,403
Amortization Jan to Jun	(618)	(928)
Amortization Jul to Sep	(309)	(309)
Translation differences	-	(1)
Net carrying amount at 30 September	38,110	35,977

For the third quarter Research and development costs in the amount of EUR 2,144 thousand were recognised in profit or loss since the conditions for capitalisation as intangible assets for these costs are not met (YTD: EUR 5,139 thousand).

NOTE 5 Earnings per share

	Jul to Sep		Jan to Sep		Jan to Dec
in thousands of EUR	2023	2022	2023	2022	2022
Loss for the period attributable to owners of Implantica AG	(5,442)	(5,660)	(15,167)	(16,198)	(20,824)
Weighted average % of Class A share capital in total share capital	83.8%	83.8%	83.8%	83.8%	83.8%
Weighted average % of Class B share capital in total share capital	16.2%	16.2%	16.2%	16.2%	16.2%
Class A shares					
Loss for the period attributable to Class A shareholders	(4,559)	(4,742)	(12,706)	(13,571)	(17,446)
Weighted average number of outstanding Class A shares	58,082,361	58,111,537	58,091,951	58,111,537	58,111,537
Basic and diluted (loss) per share Class A (in EUR)	(0.08)	(0.08)	(0.22)	(0.23)	(0.30)
Class B shares					
Loss for the period attributable to Class B shareholders	(883)	(918)	(2,461)	(2,627)	(3,378)
Weighted average number of Class B shares	1,125,000,000	1,125,000,000	1,125,000,000	1,125,000,000	1,125,000,000
Basic and diluted (loss) per share Class B (in EUR)	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)

Earnings per category of shares

Earnings per class of shares (Note 6) are calculated on the basis of the net loss attributable to the shareholders of Implantica AG based on their portion of the share capital and the average number of outstanding shares (i.e. excluding treasury shares).

Anti-dilutive effect of potential outstanding shares

The impact of share-based compensation arrangements was not considered in the diluted earnings per share calculation for Class A shares for the six months ended 30 September 2023 and 2022 because due to the net loss for these periods their effect would have been anti-dilutive.

NOTE 6 Equity

Share capital

The fully paid in share capital of the Group amounts to CHF 138,723 thousand (EUR 129,137 thousand) and is divided into 58,111,537 registered shares with a nominal value of CHF 2.00 each (Class A) and 1,125,000,000 with a nominal value of CHF 0.02 each (Class B).

During the period the number of shares remained unchanged.

Treasury share reserve

The reserve for the Group's treasury shares comprises the cost of the Company's shares held by the Group. At 30 September 2023, the Group held 30,000 of the Company's shares (31 December 2022: NIL), during the current quarter no further treasury shares were acquired (YTD: increase of 30,000).

When shares recognised as equity are repurchased, the amount of the consideration paid, which includes directly attributable costs, is recognised as a deduction from equity. Repurchased shares are classified as treasury shares and are presented in the treasury share reserve. When treasury shares are sold or reissued subsequently, the amount received is recognised as an increase in equity and the resulting surplus or deficit on the transaction is presented within capital reserves.

Translation differences

During the three months ended 30 September 2023 the EUR/CHF exchange rate increased from 1.021 to 1.034. As a result, the group recognised a total profit of EUR 1,239 thousand in other comprehensive income related to the translation of financial statements of foreign operations and net investments in foreign operations (YTD: profit of EUR 1,823 thousand).

Other

Telephone conference

Implantica will hold a teleconference on 22 November 2023 at 15:00 (CET) with Peter Forsell (CEO), Andreas Öhrnberg (CFO), and Nicole Pehrsson (Chief Corporate Affairs Officer). Please see the dial-in details below to join the conference:

Webcast

https://ir.financialhearings.com/implantica-q3-2023

Dial-in

Dial-in numbers to the teleconference will be received by registering on the link below. After the registration, you will be provided phone numbers and a conference ID to access the conference
https://conference.financialhearings.com/teleconference/?id=5001151

Financial calendar

20 February 2024	Interim Report Q4 2023

Listing

Implantica is listed on Nasdaq First North Premier Growth Market in Stockholm. The company is traded under the ticker symbol IMP A SDB and ISIN code SE0014855029.

Disclaimer statement

Some statements herein are forward-looking, and the actual outcome could be materially different. In addition to the factors explicitly commented upon, the actual outcome could be materially affected by other factors, for example: the impact of undesired side effects related to existing or future products, failures in handling of the quality system, obstacles in obtaining CE and FDA approvals and re-certifications, products may fail to become subject to insurance and reimbursement policies and risk not gaining widespread acceptance, clinical trials may prove to be unsuccessful and the impact of competing products.

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